

WITHHOLDING TABLES MAINE INDIVIDUAL INCOME TAX

www.maine.gov/revenue

2006

Effective January 1, 2006

The tables in this book
have been adjusted for inflation.



New electronic
payment system

- Fast
- Accurate
- Easy!

See page 2

NEW

Electronic filing. Under recently enacted legislation, the State Tax Assessor is now authorized to require the filing of certain Maine income tax withholding and unemployment insurance tax returns by electronic media (PL 2005, c. 332, § 4). Effective the second quarter of 2006, employers filing Maine returns with 100 or more employees and payroll processors (as defined in 10 M.R.S.A., chapter 222) filing Maine returns with 100 or more employer-clients must submit the returns to Maine Revenue Services by electronic means. Employers and payroll processors required to file electronically that fail to do so may be subject to a penalty of \$50 per return. Anyone unable to comply with the electronic filing requirements may request a hardship exemption for a limited time period. For more information, see www.maine.gov/revenue/.

NOTE: A person required to withhold Maine income tax must continue to file quarterly withholding tax returns until the account is canceled, even if no tax has been withheld.

Visit Maine Revenue Services web site at www.maine.gov/revenue for downloadable forms and important tax information. Forms can also be ordered by calling 207-624-7894.

Income Tax Withholding Questions? E-mail: withholding.tax@maine.gov
or call: 207-626-8475 (select 1, then option 4)



ELECTRONIC FUNDS TRANSFER (“EFT”)

Did you know that you can now pay your taxes online, including future payments for estimates? Visit www.maine.gov/revenue and click on Electronic Services for access to Maine EZ Pay, our online payment system. EZ Pay is available not only for income tax withholding, but also for sales and use tax payments, corporate and individual income tax payments and more.

Maine Revenue Services (“MRS”) accepts both ACH credit method and ACH debit method payments. ACH debit method payments may be authorized through MRS’s telephone ACH electronic funds withdrawal payment system. Participation using the ACH credit method or the ACH electronic funds withdrawal telephone payment system requires that an application first be filed with MRS. 36 M.R.S.A. § 193 and MRS Rule 102 mandate taxpayers with annual withholding liabilities of \$200,000 or more to pay electronically. Maine Revenue Services also accepts voluntary participants into its electronic funds transfer programs. There are no payment minimums.

For up-to-date information, to obtain an application for either the ACH Credit Method or ACH Telephone Electronic Funds Withdrawal Method, to obtain a copy of Rule 102, or to get more information on EFT, visit www.maine.gov/revenue/rules, e-mail efunds.transfer@maine.gov, call 207-287-8276, or write: EFT Unit, Maine Revenue Services, P.O. Box 9100, Augusta ME 04332-9100.

Penalty for Insufficient Funds. The penalty for insufficient funds applies to electronic funds transfers. The penalty is \$20 or 1% of the payment amount, whichever is greater.

Penalty for Failure to Pay by Electronic Funds Transfer. Any person required to pay by electronic funds transfer who fails to do so is liable for a penalty equal to the lesser of 5% of the tax due or \$5,000.

PAYROLL PROCESSING COMPANIES

Payroll processors must register annually with, and be licensed by, the Office of Consumer Credit Regulation. For more information on the licensing requirements, contact the Director, Office of Consumer Credit Regulation by phone (207-624-8527), fax (207-582-7699) or in writing at: 35 State House Station, Augusta, ME 04333.

PASS-THROUGH ENTITIES

In addition to employee withholding, pass-through entities (partnerships, S corporations, LLCs) with nonresident members (partners, shareholders, etc.) must withhold income taxes from those nonresident members on Maine-source distributive income. The income tax withheld must be remitted to the state quarterly, on the same schedule as employer withholding payments. Certain exemptions apply. Pass-through entities must withhold income taxes at the highest Maine rate -- *do not use this booklet to calculate withholding for nonresident members*. For more information, see www.maine.gov/revenue/forms.

SAFEGUARDS FOR EMPLOYERS:

1. Ensure that your Employer Identification Number is established with an address at which you will receive notices from the IRS and State tax agencies.
2. Be aware that effective 1/31/05, payroll processors that have access to your company’s funds, or that file tax reports for your company, must be licensed by the Office of Consumer Credit Regulation or by the Bureau of Financial Institutions. Those processors with access to your funds (either payroll or withholdings) must also post a surety bond or letter of credit with those state agencies. Information on the state’s new licensing requirements can be found at www.MaineCreditReg.org, by clicking on the “Payroll processor information” link.
3. If you get a tax delinquency notice, contact your preparer. If you are told that it has been taken care of, or that the notice was in error, ask for verification that the problem has been resolved.
4. Periodically check with the appropriate government agencies to ensure that payments and returns are being filed in a timely manner.
5. If you are not sure of tax filing/payment requirements, consider attending the annual Maine Employment Tax Seminar held each fall (usually in November). You should also visit the IRS web site at www.irs.gov/businesses (then select Employment Taxes for Businesses) and the Maine Revenue Services web site at www.maine.gov/revenue/forms.
6. LACK OF NOTICE FROM MRS DOES NOT MEAN THAT EVERYTHING IS FINE. Maine Revenue Services is not always aware that you have employees. Until you establish a filing requirement, we may not know of that requirement. By the time you discover that your tax returns are not being filed, substantial penalties and interest may have accrued when you begin to receive notices. When in doubt, contact Maine Revenue Services at 207-626-8475.

Maine Revenue Services
P.O. Box 1061
Augusta, Maine 04332-1061
General Information: Phone (207) 626-8475 (select 1, then option 4)
Payment or Collection Questions: Phone (207) 642-9595
Central Registration Unit: Phone (207) 287-2338
Web site address: www.maine.gov/revenue
E-mail address: withholding.tax@maine.gov

EMPLOYER TAX CALENDAR

<u>Return</u>	<u>Form No.</u>	<u>Due Date</u>
SEMI-WEEKLY PAYMENTS OF WITHHELD INCOME TAXES	900ME	If your Withholding Tax Remittance Frequency is <u>semi-weekly</u> and wages or nonwages are paid on Wednesday, Thursday or Friday, payment of withheld income taxes is due the following Wednesday. If the wages or nonwages are paid on Saturday, Sunday, Monday or Tuesday, the payment of withheld income taxes is due the following Friday. Use the Employer's Payment Voucher For Maine Income Tax Withheld (Form 900ME) to make your payments. Note: Do not use Form 900ME if you are making your payments by Electronic Funds Transfer ("EFT").
QUARTERLY RETURN OF INCOME TAX WITHHOLDING AND UNEMPLOYMENT CONTRIBUTIONS	941ME 941/C1-ME	These forms must be filed by all employers or nonpayroll filers registered to remit income tax withholding and/or unemployment insurance contributions. The forms are used to report income taxes withheld and/or unemployment contributions for the quarter, to reconcile payments of income taxes withheld made during the quarter and to make payment for any balance due for income taxes withheld and/or unemployment contributions. The quarterly return is due the last day of the month following the end of each calendar quarter, even if there is no withholding tax or unemployment contributions to report. Employers or nonpayroll filers are required to complete the withholding detail pages on the quarterly return. An employer or nonpayroll filer who is not able to comply with this requirement must obtain a waiver from Maine Revenue Services.
ANNUAL RECONCILIATION	W-3ME	Due February 28 of the following year or at termination of business.
WAGE AND TAX STATEMENT OR INFORMATION STATEMENT	W-2, 1098, 1099, 5498, etc.	Furnish payee the applicable statement by February 15 or within 30 days after last payment of wages or termination of employment.

Forms will be mailed to registered businesses before the required reporting date. If forms are not received at least two weeks prior to the due date, contact Maine Revenue Services, P.O. Box 1061, Augusta, Maine 04332-1061 or phone (207) 626-8475 (select 1, then option 4). If you do not receive forms in time to report and remit, send the remittance no later than the due date with a cover letter. Be sure to write your Maine withholding account number and/or your unemployment contributions account number on your check and correspondence.

INSTRUCTIONS

1. Introduction. The Maine withholding tax system operates in much the same manner as the federal system. Employers or nonpayroll filers must withhold Maine income tax from their employees' earnings and remit the withheld funds to Maine Revenue Services. The law also requires withholding on nonwage payments, such as distributions from pensions and annuities, and certain other payments when there is federal withholding.

In these instructions, "person" means an individual, firm, partnership, association, society, club, corporation, estate, trust, business trust, receiver, assignee, the state or federal government or any other political subdivision or agency of either government, or any other group or combination thereof acting as a unit.

2. Registration for Withholding Purposes. New withholders must register with the Department of Labor, Central Registration Unit to receive the Withholding Tables booklet, the combined withholding and unemployment (or withholding only) tax forms booklet and any other necessary information. Contact the Central Registration Unit at division.uctax@maine.gov or call (207) 287-2338 to obtain the proper form.

3. Payments Subject to Maine Withholding. Any person who maintains an office or transacts business within the state and who is required to withhold federal income tax from a particular payment must also withhold state income tax if the payment constitutes income that is not excluded from taxation under Maine law.

The withholding requirement applies to nonresident and resident individuals. For purposes of the income tax withholding requirements, Maine-source income of a nonresident individual includes income attributable to an occupation, trade or business carried on in Maine. Included in Maine-source income are such items as unemployment compensation connected with Maine employment.

Wages subject to Maine withholding include contributions made to Health Savings Accounts by either the employer or the employee as a payroll deduction. Agricultural employees are also subject to the withholding requirements. However, pensions, annuities and other income from intangible sources paid to a nonresident are not subject to withholding of Maine income tax.

Maine-source income of a nonresident individual may not be subject to income tax withholding if the number of days worked in Maine falls below the threshold defined by 36 M.R.S.A. § 5142(8-A) and MRS Rule 806. For a copy of MRS Rule 806, visit our web site at www.maine.gov/revenue/ rules, write Maine Revenue Services, P.O. Box 9100, Augusta, ME 04332-9100 or call 207-624-7894. **Note: The dollar threshold for calculating taxability of Maine-source income to a nonresident has been repealed.** If a nonresident employee works in Maine for more than ten days during the year, you must withhold from that employee.

4. Computing the Amount of Maine Taxes to Withhold. Any of the following methods may be used to calculate the amount of Maine income tax to withhold from payments subject to the federal wage method of withholding:

(a) Percentage Method. See pages 6 and 7.

(b) Wage Bracket Tables. The tables on pages 8-22 show the amount of Maine income tax to be withheld by wage bracket and by number of withholding allowances claimed on a weekly, biweekly, semimonthly, monthly and daily or miscellaneous basis. There are separate tables for single taxpayers, married taxpayers with one income and married taxpayers with two incomes.

To ensure adequate withholding, employers must use the withholding tax rate schedule or the table that directly corresponds to the status checked by the employee in box 3 of Maine Form W-4ME. If the "single" box is checked, the employer/payer must use the single percentage or the single withholding table. If the "married with one income" box is checked, the employer/payer must use the married with one income percentage or the married with one income withholding table. If the "married with two incomes" box is checked, the employer/payer must use the married with two incomes percentage or the married with two incomes withholding table. See 36 M.R.S.A. § 5250(1).

(c) Flat-Amount or Fixed Percentage Rate Method. If a payee requests an amount of withholding that exceeds the

amount that would otherwise be required, the request may be granted.

(d) Alternate Method. Another method devised by a withholding agent that produces the same result as the percentage method or the wage bracket tables, or that produces a result that falls between those methods.

Maine has a low-income credit for individuals whose Maine taxable income is \$2,000 or less. The credit is equal to the Maine income tax otherwise due. The instructions for the percentage method of withholding on pages 6 and 7, and the wage bracket tables on pages 8 through 22 are designed to reflect the credit.

If supplemental wages (such as bonuses, commissions, overtime pay, etc.) are paid with regular wages, the withholding tax is calculated as if the total were a single payment of wages for the regular payroll period. If the supplemental wages are paid separately, the payer may withhold a flat 5 percent.

Maine income tax law requires a person who withholds for federal purposes to withhold for Maine an amount that approximates the payee's liability for the taxable year. If this condition is met, the payer may use a withholding method that best approximates the payee's liability. For non-wage payments that are subject to flat rate federal withholding, withholding at 5 percent of the total payment is required for Maine.

5. Withholding Allowances - Form W-4ME. Maine requires new employees or payees and employees or payees making changes to their federal Form W-4 to furnish a state withholding allowance certificate (Form W-4ME). Differences between Maine income tax law and the Internal Revenue Code (such as the federal child credit) may affect the number of allowances an employee or payee may claim. Maine withholding allowances claimed on Form W-4ME are based on the number of allowances claimed on federal Form W-4. The Maine Form W-4ME must be provided to the employer or non-payroll filer on the same date as the federal Form W-4 is provided. **In no event shall an employee or payee claim a number of withholding allowances for Maine income tax withholding that exceeds the number to which he or she is entitled.**

Maine Form W-4ME may be downloaded at www.maine.gov/revenue or ordered by calling 207-624-7894.

(a) An employee or payee may claim a **greater number of allowances** for state than for federal purposes. To do so, the employee or payee must obtain a **Withholding Exemption Variance Certificate** from Maine Revenue Services. When applying for the certificate, the employee or payee must certify that no income tax liability will be incurred for the current tax year. Each certificate expires on December 31, or whenever the employee or payee no longer qualifies for the certificate, whichever is sooner.

(b) An employee or payee may claim **fewer** withholding allowances for state than for federal purposes without a **Withholding Exemption Variance Certificate**.

(c) An employee or payee may request an additional dollar amount or a flat dollar amount of withholding that exceeds the withholding tax amount specified by the tables.

The employee or payee who chooses any of the above options will reflect the option on the Maine Withholding Allowances Certificate (Form W-4ME).

Form W-4ME may also be used as the state counterpart to federal Form W-4P.

Invalid Forms W-4. If a federal Form W-4 is determined to be invalid for federal withholding purposes, it is not to be used as a base for the Maine Form W-4ME to compute Maine withholding. If, upon request, the employee or payee does not provide a valid Form W-4ME, the employer or non-payroll filer must withhold as if the employee or payee were single and claiming no allowances. Also, if Maine Revenue Services notifies an employer or non-payroll filer that a Form W-4ME is invalid, the employer or non-payroll filer must withhold as if the employee or payee were single and claiming no allowances until the employee or payee provides a valid Form W-4ME.

Submission of Forms W-4. An employer who is required to submit to the Internal Revenue Service a Form W-4 received from an employee or payee during the calendar quarter, together with a copy of any written statement received from the employee or payee in support of the claims

made on the Form W-4, is also required to submit copies of the same along with a copy of the employee's or payee's Form W-4ME to Maine Revenue Services.

6. Reporting Maine Income Tax Withheld. Persons required to withhold must report the Maine income taxes withheld to Maine Revenue Services on a quarterly basis. The combined withholding tax/unemployment contributions (or withholding tax only) forms are due quarterly by the last day of the month following the end of the quarter. **Note: special payment requirements apply to persons whose withholding during the period July 1, 2004 to June 30, 2005 was \$18,000 or more (see item 7 below).**

Household Employees. If you withhold Maine income tax from household employees (required if federal tax is withheld), you must report the tax withheld on the combined withholding tax and unemployment contributions (or withholding tax only) forms. You cannot report the tax withheld on your Maine individual income tax return. Follow the reporting requirements above to report the tax withheld.

Cancelling an Account. A person who is required to withhold must continue to file quarterly withholding tax returns, **even if no tax has been withheld**, until the Central Registration Unit has been notified that withholding is no longer required and the account is canceled. Complete the Cancellation Notice portion of the combined withholding tax/unemployment contributions (or withholding tax only) forms provided in your preprinted booklet.

7. Payment. Employers or nonpayroll filers whose total withholding during the period July 1, 2004 to June 30, 2005 was \$18,000 or more must remit tax withheld on a semi-weekly basis. If the day payments are made is on Wednesday, Thursday or Friday, the employer or nonpayroll filer must remit tax withheld by the following Wednesday. If the day payments are made is on Saturday, Sunday, Monday or Tuesday, the employer or nonpayroll filer must remit tax withheld by the following Friday. Unless paying by EFT, send the Payment Voucher (Form 900ME) with your payments.

Note: Form 900ME is a payment voucher only. Report and reconcile the total amount withheld and the total payments made during the quarter on the quarterly return (Form 941ME or Form 941/C1-ME).

Employers or nonpayroll filers whose withholding during the period July 1, 2004 to June 30, 2005 was less than \$18,000 must remit income tax withholding with the quarterly return.

The State Tax Assessor may require more frequent remittances if the collection of withheld taxes is in jeopardy.

Your account will be reviewed at the end of 2006 to determine the proper remittance frequency for 2007. Maine Revenue Services will notify you if your remittance frequency is changed for 2007.

Complete filing and remittance requirements are contained in MRS Rule 803, Withholding Tax Reports and Payments. Copies of the rule are available upon request, or at www.maine.gov/revenue/rules.

8. Error in Reporting Withholding. If you need to make a correction in the withholding tax reported for a particular period, submit an amended return (Form 941A-ME) for that period. Do **not** make an adjustment on a return for a subsequent period.

9. Payee Statement. Federal law requires employers to furnish Form W-2 to employees to report the payment of wages, taxes withheld, etc. Persons who make other payments are required to furnish information returns (1098, 1099 series) to the payees. Compliance with these federal requirements will satisfy state requirements if the information return provided includes state wages (or other payment) and state withholding information.

10. Annual Reconciliation (Form W-3ME). On or before February 28 of each year, or at the termination of business, persons required to withhold **must** file a reconciliation return on Form W-3ME. Total income tax withheld shown on the reconciliation return should equal the total withholding tax reported to Maine Revenue Services for the year and should also equal the total Maine income tax withheld shown on all information returns furnished payees. Mail Form W-3ME separately from your return and payment for the fourth quarter.

11. Forms. Forms 941ME, 941/C1-ME, 941A-ME and W-3ME are provided in a booklet that Maine Revenue Services mails annually to each registered payer. Employers or nonpayroll filers required to make semi-weekly payments will receive a special book containing Payment Vouchers

(Forms 900ME). The forms are preprinted with name, address and account numbers. Each booklet contains a name and address change form (Form 941/C1C-ME) and a cancellation notice (on the quarterly reports) that the payer must use to notify the Central Registration Unit of name and address changes, or to cancel an account if withholding is no longer required. The booklets are generally mailed about six weeks before the due date of the first return of the year. **Any payer whose booklet fails to arrive on schedule should notify the Income/Estate Tax Division at 207-626-8475.**

Instructions for completing the various forms are included with the forms and are not reproduced here.

Maine Revenue Services does **not** supply Forms W-2, W-4, 1098, 1099 or 5498. These must be obtained from the Internal Revenue Service. Form W-4ME can be downloaded at www.maine.gov/revenue or ordered by calling 207-624-7894. Form 1099ME, designed specifically for reporting income tax withholding to nonresident members of a pass-through entity, can also be downloaded at the MRS web site.

12. Interest and Penalties. Interest and penalties will be charged for withheld tax not remitted by the due date. In addition, a penalty will be assessed for late filing. The interest rate for 2006 is 10% per year, compounded monthly. The penalty for late payment is 1% per month, or fraction thereof, of the tax due up to a maximum of 25%. The penalty for late filing is \$25 or 10% of the tax due, whichever is greater. If a tax

return is not filed upon demand, the late filing penalty is 100% of the tax due. The law also provides penalties for negligence, fraud and substantial understatement.

13. Pensions and Annuities. If payments from an employer-sponsored retirement plan are subject to federal withholding, then Maine income tax must also be withheld. If the payee elects out of federal withholding, then Maine withholding is not required.

14. Backup Withholding. If backup withholding is required at the federal level, Maine requires withholding at a flat rate of 5%.

15. Other Questions. If you have questions, contact the Income/Estate Tax Division for assistance (see page 3 for address, e-mail, and telephone numbers).

MAINE INCOME TAX WITHHOLDING — PERCENTAGE METHOD — 2006

If you use the percentage method to compute Maine Income Tax Withholding, use the following steps:

- Step 1** — Convert total wages to annual wage amount. Multiply by the payroll frequency: 52 for weekly, 26 for biweekly, 24 for semimonthly, 12 for monthly, 260 for daily or miscellaneous payroll period.
- Step 2** — Multiply the number of withholding allowances the employee claims by \$2,850. Subtract the result from the annualized wage amount calculated in step 1 to compute the annualized income.
- Step 3** — Compute the annualized withholding amount using the following withholding rate schedules based on the annualized income computed in step 2.

NOTE: An individual whose Maine taxable income for the year is \$2,000 or less is allowed a low-income credit equal to the amount of tax otherwise imposed. If the annualized tax amount computed in Step 3 is \$40 or less, the credit applies. In that case, change the withholding amount to zero for the pay period.

For Single Taxpayers

If the annualized income is:		The annualized withholding is:	
Less than	\$ 2,300		0%
\$ 2,300 but less than	\$ 6,850		2% of excess over \$ 2,300
\$ 6,850 but less than	\$11,400	\$ 91	plus 4.5% of excess over \$ 6,850
\$11,400 but less than	\$20,550	\$ 296	plus 7% of excess over \$11,400
\$20,550 or more		\$ 936	plus 8.5% of excess over \$20,550

For Married Taxpayers with One Income

If the annualized income is:		The annualized withholding is:	
Less than	\$ 5,750		0%
\$ 5,750 but less than	\$14,900		2% of excess over \$ 5,750
\$14,900 but less than	\$24,000	\$ 183	plus 4.5% of excess over \$14,900
\$24,000 but less than	\$42,300	\$ 593	plus 7% of excess over \$24,000
\$42,300 or more		\$1,874	plus 8.5% of excess over \$42,300

For Married Taxpayers with Two Incomes

If the annualized income is:		The annualized withholding is:	
Less than	\$ 2,875		0%
\$ 2,875 but less than	\$ 7,450		2% of excess over \$ 2,875
\$ 7,450 but less than	\$12,000	\$ 92	plus 4.5% of excess over \$ 7,450
\$12,000 but less than	\$21,150	\$ 296	plus 7% of excess over \$12,000
\$21,150 or more		\$ 937	plus 8.5% of excess over \$21,150

Step 4 — Divide the annualized withholding amount computed in step 3 by the payroll frequency used in step 1 and round to the nearest dollar. The result is the amount of Maine income tax to be withheld from the payment being made.

Example 1: A single employee is paid \$165 each week. The employee claims two withholding allowances on Form W-4ME. Using the percentage method, compute the employee's withholding as follows:

(1) Gross pay of \$165 x 52 weeks = \$8,580.

(2) Compute annualized income:

2 allowances x \$2,850 =	\$5,700
Annualized wage	\$8,580
Allowances	- <u>5,700</u>
Annualized Income	\$2,880

(3) Compute annualized withholding amount:

	<u>Rate</u>	<u>Tax</u>
\$2,880		
- <u>2,300</u>	See Schedule	\$ 00
\$ 580	x 2%	<u>12</u>
Annualized Withholding Amount		\$ 12
Withholding for Pay Period		\$ 0

See Note on page 6 (under step 3). Because the annualized withholding amount is less than \$40, this taxpayer may qualify for the low-income credit. Therefore, the amount to be withheld is zero.

Example 2: A single employee is paid \$475 each week. The employee claims two withholding allowances on Form W-4ME. Using the percentage method, compute the employee's withholding as follows:

(1) Gross pay of \$475 x 52 weeks = \$24,700.

(2) Compute annualized income:

2 allowances x \$2,850 =	\$5,700
Annualized wage	\$24,700
Allowances	- <u>5,700</u>
Annualized Income	\$19,000

(3) Compute annualized withholding amount:

	<u>Rate</u>	<u>Tax</u>
\$19,000		
- <u>11,400</u>	See Schedule	\$296
\$ 7,600	x 7%	<u>532</u>
Annualized Withholding Amount		\$828

(4) Annualized withholding of \$828 divided by 52 = \$15.92 rounded to \$16. Withhold \$16 each week.

NOTE: If the payment involved is subject to flat rate federal withholding (backup withholding), a flat rate state withholding of 5% must be withheld. Multiply the amount of payment by 5% to compute the amount of tax to withhold. Do not use the above steps.

COMMON ITEMS OF INCOME SUBJECT TO WITHHOLDING OF MAINE INCOME TAX

INCOME TYPE	WITHHOLDING REQUIREMENT	WITHHOLDING BASIS
Wages — including tips, commissions, bonuses, severance pay or “golden parachute” payments, supplemental unemployment benefits (IRC § 3402)	Mandatory	Wage methods (wage bracket tables or permitted alternatives)
Employer paid sick pay	Mandatory	Wage methods
Third-party sick pay	Payee must request	Any method at payer option
Periodic payments from employer-sponsored retirement plan (pension, profit-sharing, stock bonus, etc.) (IRC § 3405)	Required, unless payee elects out of federal withholding	Wage methods
Lump-sum or other nonperiodic payment from employer-sponsored retirement plan	Required, unless payee elects out of federal withholding	Flat 5 percent
Distribution from Individual Retirement Account (IRA) or self-employed pension (Keough) plan	Required, unless payee elects out of federal withholding	Flat 5 percent
Private employer-sponsored deferred compensation plan (IRC § 401(k))	Required, unless payee elects out of federal withholding	Flat 5 percent
Distribution from government employer-sponsored deferred compensation plan (IRC § 457)	Mandatory	Wage methods
Gambling winnings in excess of \$5,000: lotteries parimutuel horse and dog races when odds are at least 300 to 1 (IRC § 3402(q))	Mandatory	Flat 5 percent
Interest and dividends subject to federal “backup” withholding when payee fails to furnish proper Federal Tax Identification Number, or when payee or payer is notified by the Internal Revenue Service that federal “backup” withholding is required (IRC § 3406)	Mandatory	Flat 5 percent
Wages, interest, dividends, rent or other payments to nonresident aliens of the United States when federal income tax withholding is required (IRC § 1441)	Mandatory	Flat 5 percent
Effectively connected income of foreign partner (IRC § 1445)	Mandatory	Flat 5 percent

EZ PAY WITHOUT PAPER



Make your income tax withholding payments through Electronic Funds Transfer. Call 207-287-8276 or go online to www.maine.gov/revenue and discover your EFT options today!

THEN

FILE ONLINE

I-FILE – Internet file quarterly income tax withholding returns online for free at: www.maine.gov/revenue. Just fill out the information and click send.



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